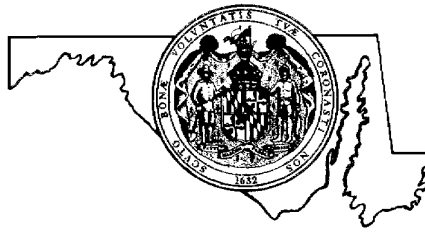


STATE OF MARYLAND

Craig P. Tanio, M.D.
CHAIR



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

October 28, 2016

By E-Mail and USPS

Jonathan Montgomery, Esquire
Gordon-Feinblatt LLC
233 East Redwood Street
Baltimore, Maryland 21202-3332

Thomas C. Dame, Esquire
Ella R. Aiken, Esquire
Gallagher, Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201

Re: Project Status Conference Summary
Baltimore Upper Shore Cardiac Surgery Review
Anne Arundel Medical Center (Docket No. 15-02-2360)
University of Maryland Baltimore Washington Medical Center
(Docket No. 15-02-2361)

Dear Counsel:

I am writing this letter to summarize the project status conference held today regarding applications filed by Anne Arundel Medical Center (“AAMC”) and by the University of Maryland Baltimore Washington Medical Center (“BWMC”) that seek to establish cardiac surgery services in the Baltimore Upper Shore Region. I called this project status conference, pursuant to COMAR 10.24.01.09A(2) to address aspects of AAMC’s application that may be inconsistent with applicable standards and review criteria.

As I noted at the project status conference, there is certain information I desire from AAMC that may have constituted an impermissible modification unless the information is provided in a modification to an application that is made as the result of a project status conference. It is important that I have the best information available so that I can make the most fully informed recommendation to my fellow Commissioners. The information I desire may have a bearing on my findings with respect to three standards in the Cardiac Surgery Chapter of the State Health Plan and four general CON review criteria. The project review standards are: COMAR 10.24.17.05A(4), Cost Effectiveness; .05A(7), Financial Feasibility; and .05A(8), Preference in Comparative Reviews. The general review criteria are: COMAR

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10.24.01.08G(3)(a), State Health Plan; .08G(3)(c), Availability of More Cost-Effective Alternatives; .08G(3)(d), Viability of the Proposal; and .08G(3)(f), Impact on Existing Providers & the Health Care Delivery System.

Present at the project status conference were the following representatives of the parties and Commission staff:

Applicant AAMC

Jonathan Montgomery, Esquire
Barry Rosen, Esquire
Victoria Bayless, CEO, AAMC
Robert Reilly, CFO, AAMC
Paula Widerlite, Chief Strategy Officer, AAMC
Anne Langley, Senior Director, Health Planning & Community Engagement, Johns Hopkins Medicine

Applicant BWMC

Thomas C. Dame, Esquire
Ella R. Aiken, Esquire
Karen Olscamp, Pres. & CEO, UM BWMC
Kathy McCollum, COO & Sr. V.P. for Clinical Integration, UM BWMC
Alfred Pietsch, CFO, UM UMBC
Alison G. Brown, Sr. V.P. & Chief Strategy Officer, UMMS
Dana Farrakhan, Sr. V.P., Strategy, Community & Business Development, UMMS
Andrew L. Solberg, A.L.S. Healthcare Consultant Services
Arin D. Foreman, KPMG

Interested Party Dimension Health Corporation d/b/a Prince George's Hospital Ctr.

M. Natalie McSherry, Esquire (via teleconference)
Carl Jean-Baptiste, JD, MBA, Senior Vice President & General Counsel
Jeffrey L. Johnson, MBA, FACHE, Sr. V.P., Strategic Planning & Business Development

Interested Party MedStar Health (MedStar Union Memorial Hospital; MedStar Washington Hospital Center)

John T. Brennan, Jr., Esquire (via teleconference)
Stephanie D. Willis, Esquire
John P. St. Leger, Esquire, MedStar (via teleconference)
Patricia Cameron, Sr. Policy Analyst, Government Affairs, MedStar

Commission Staff

Ben Steffen
Paul E. Parker
Kevin McDonald
Suellen Wideman, AAG
Siobhan K. Madison, AAG

Recommended Modification

At the project status conference, I requested that AAMC modify its application to provide revised versions of all financial schedules regarding revenues, expenses, and income for: (1) its general hospital operation; and (2) specifically, for its proposed cardiac surgery service. These revenue projections need to reflect HSCRC's current policy (stated in its August 24, 2016 memorandum to me) to assume a 50% variable cost factor. The revised financial schedules must be accompanied by a detailed statement of the assumptions used in development of the modified financial schedules. This statement of assumptions must address and detail the way in which AAMC accounts for all of the revenue and expense changes it projects to result from its provision of cardiac surgery services, across all of the hospital's departments. Anne Arundel Medical Center should also file a statement that details how and why these schedules have changed in comparison to the revenue and projections filed by AAMC prior to docketing of its application.

Next Steps

I request that AAMC let me know on or before 4:30 p.m. on Monday, October 31, 2016 whether it chooses to modify its application or whether it will go forward with its application as filed. If it chooses to modify the application as I have requested, it should also advise me of the estimated date by which it can file the modifications. If AAMC modifies its application, under COMAR 10.24.01.09A(2)(d), each interested party and participating entity will have seven days to file comments on the changes made pursuant to the project status conference.

Responses to Questions

Counsel for BWMC noted that AAMC's October 17 schedules, which were stricken from the record by my October 21, 2016 ruling, proposed that AAMC shift revenue from other hospital areas into its proposed cardiac surgery program. BWMC requested that, if such a shift of revenue were permitted, BWMC be given an opportunity to use the same method to show financial feasibility of its proposed program. I will reserve ruling on BWMC's request until I see the modification filing, if any, by AAMC.

Counsel for AAMC asked whether I wanted it to refile its and The Johns Hopkins Hospital's commitments that were contained in its October 17, 2016 filing. That is not necessary. My October 21, 2016 ruling left those commitments in the record of this review.

Counsel for MedStar asked whether the comments on AAMC's modification may point out other deficiencies in the application. As provided in COMAR 10.24.01.09A(2)(d), each party may file comments on changes in the AAMC application made pursuant to the project status conference.

Counsel for AAMC inquired whether I desired updated cardiac surgery case volume estimates. Counsel for BWMC and MedStar stated their views that an update of volume

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projections by AAMC would be the equivalent of the filing of a new application. I do not want AAMC to update its volume projections.

Counsel for Dimensions inquired when I would rule on its motion to file supplemental comments on AAMC's application. I will rule on pending motions at a later date.

I again note that this is a contested case, to which the *ex parte* prohibitions in the Administrative Procedure Act, Maryland Code Ann., State Gov't §10-219, apply until the Commission issues a final decision.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Tanio', with a long horizontal stroke extending to the right.

Craig Tanio, M.D.
Commissioner/Reviewer

cc: M. Natalie McSherry, Esquire
Christopher C. Jeffries, Esquire
Louis P. Malick, Esquire
John T. Brennan, Esquire
Stephanie Willis, Esquire
Donna Kinzer, Executive Director, HSCRC
Neil M. Meltzer, President & CEO, Sinai Hospital
Jinlene Chan, M.D., MPH
Leana S. Wen, M.D., Baltimore City Health Commissioner
Gregory Wm. Branch, M.D., Baltimore County Health Officer
Leland Spencer, M.D., Caroline and Kent County Health Officer
Edwin F. Singer, L.E.H.S., Carroll County Health Officer
Stephanie Garrity, M.S., Cecil County Health Officer
Susan C. Kelly, R.S., Harford County Health Officer
Maura J. Rossman, M.D., Howard County Health Officer
Joseph A. Ciotola, M.D., Queen Anne's County Health Officer
Fredia Wadley, M.D., Talbot County Health Officer
Steven R. Schuh, Executive, Anne Arundel County
Paul Parker
Kevin McDonald
Suellen Wideman, AAG
Siobhan K. Madison, AAG